

ELIZABETH A. PEARCE
STATE TREASURER



UNCLAIMED PROPERTY DIVISION
TEL: (802) 828-2407

RETIREMENT DIVISION
TEL: (802) 828-2305
FAX: (802) 828-5182

ACCOUNTING DIVISION
TEL: (802) 828-2301
FAX: (802) 828-2884

STATE OF VERMONT
OFFICE OF THE STATE TREASURER

NEWS RELEASE

For Immediate Release—February 11, 2016

Press Contacts: Beth Pearce (802) 828-1452 or Lisa Helme (802) 828-3706

Lower Fees Benefit Thousands Enrolled in State Supplemental Retirement Savings Plan

MONTPELIER, Vt.—State Treasurer Beth Pearce has announced that the per participant fee for the State of Vermont 457 Deferred Compensation Plan has been reduced by 30 percent. The deferred compensation plan is a supplemental retirement savings program available to members of the Vermont State Employees' Retirement System, and those within participating municipalities and school supervisory unions.

"I am committed to implementing cost-saving measures for our customers whenever possible," said Pearce. "It was determined that administrative fees could be reduced based upon future projections of fee collections and expenses."

As of June 30, 2015 there were 6,908 participants in the program. Total assets in the plan were valued at \$401 million. The per participant fee will be lowered to 7 basis points, down from 10 basis points. That means for every \$10,000 invested, the participant would pay \$7 in administrative fees. This is the third reduction in participant fees made since 2011. The fee reduction is effective starting in the first quarter of 2016.

The deferred compensation program has been available since 1979 as a savings option. Since the plan qualifies as a Section 457(b) plan under the Internal Revenue Code, the portion of salary that is deferred is not taxed at the time of deferral. All earnings from the investments in the plan are tax deferred until withdrawn at retirement. Eligible members may contribute to the plan via payroll deduction.

"I hope this fee reduction will encourage people to save more for their retirement. It is easy for people to put off retirement saving in the face of immediate financial concerns. Making it easy and more affordable to invest will, hopefully, motivate people to increase their contributions and have a larger retirement nest egg available to them," said Pearce.

During fiscal year 2015, participating members made contributions in the amount of \$22 million to the plan. The program is administered by Empower Retirement.